



# state senator David Ford

2006 LEGISLATIVE UPDATE

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Indianapolis, IN 46204

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## SENATOR DAVID FORD

serving district 19: Adams, Allen, Blackford, Grant, and Wells Counties

**2006 LEGISLATIVE UPDATE**



## Legislature Passes \$100 Million Property Tax Relief Measure

As estimates for property tax increases this year came rolling in at the end of 2005, members of the General Assembly thought property taxpayers could use a break from expected increases. This year, HEA 1001 provides that relief by dedicating \$100 million to subsidize property tax bills.

This move could mean that homeowners will see no increase from their 2005 tax bills. Early estimates suggested hikes as high as 12 percent, but most experts thought increases would be around 5 percent. HEA 1001 will keep any increases reasonable, and may flatline many bills.

**"In addition to providing immediate property tax relief, HEA 1001 sets the stage for a long-term solution to high property tax bills."**

In addition to providing immediate property tax relief, HEA 1001 sets the stage for a long-term solution to high property tax bills. The new law states that by 2010, property taxes must be capped at 2 percent of assessed value. In order to replace any revenue that could be lost as a result of this move, the General Assembly in future years will have to find a permanent way to replace property tax revenue.

The Senate voted in a bipartisan fashion this year to lower property tax revenue by 20 percent by increasing local income taxes, but that proposal ultimately did not become law.

HEA 1001 aids property taxpayers, but is also a pro-business law. The legislation phases in a single sales factor tax by 2011. This means payroll and property factors will no longer be used in figuring corporate taxes. With a single sales factor, businesses will no longer be penalized for owning property or having large payrolls in Indiana.

The out-of-state utility services tax will help Indiana utility companies compete with others by subjecting out-of-state utility companies to the same taxes as Indiana companies face.

In the end, HEA 1001 is a very positive move for Hoosier taxpayers and Hoosier businesses.

## Major Moves: The Jobs Bill of a Generation

For years, Indiana has habitually approved almost any road project that is requested with a promise that it will get done "eventually." This resulted in \$2.8 billion of unfunded road projects across the state. With the passage of Major Moves, House Enrolled Act 1008, the General Assembly ensured the state's 10-year road plan will be funded, the Interstate 69 extension will get started, future generations will have money for roads and thousands of jobs will be created across the state.

The crux of the plan — leasing the Indiana Toll Road to private investors — drew attention, praise and criticism in the

10-week legislative session, but in the end, I believe the benefits of the deal outweighed any negatives that were mentioned.

The lease that was ratified through HEA 1008 was a \$3.8 billion agreement between the state and Statewide Mobility Partners (SMP), a Spanish-Australian consortium that operates toll roads all over the world. Supported by business leaders and unions alike, the \$3.8 billion lease and the interest it accrues will pay for the state's road projects, creating — according to some estimates — more than 130,000 jobs. An additional \$150 million will also be distributed to counties for local road projects.

In exchange for an up-front payment, SMP will operate and collect tolls from the Indiana Toll Road for 75 years. The consortium has also agreed to make improvements to the road — estimated at \$4.4 billion — and fund 25 additional State Troopers and a new state police post along the Interstate. The lease agreement and HEA 1008 dictate that SMP must meet federal standards on items such as traffic flow and snow removal. Indiana also listed its own requirements for maintenance issues such as filling pot holes, removing dead animals, and taking care of other hazards.

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**200 W. Washington St.  
Indianapolis, IN 46204**

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## FACTS & FIGURES

### FROM THE 2006 LEGISLATIVE SESSION

The Second Regular Session of the 114th General Assembly began on Organization Day, November 22, 2005, and adjourned March 14, 2006.

Senate bills introduced: 394  
Senate joint resolutions introduced: 14

Senate bills passed: 107  
Senate joint resolutions passed: 1

House bills introduced: 443  
House joint resolutions introduced: 4

House bills passed: 86  
House joint resolutions passed: 0

Percent of introduced bills that were sent to the governor: 23%

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Property Owners Protected from Eminent Domain

The right to own property is fundamental to the American way of life. We are all familiar with the concept of "life, liberty, and the pursuit of happiness" set out in our Declaration of Independence. However, at the time the Declaration was issued, many Americans listed such basic God-given human rights as "life, liberty and property."

Last summer, the U.S. Supreme Court issued a ruling that threatens the right to own property. In Kelo v. City of New London, the court said that government may "take" private property for economic development. In other words, as then-Justice Sandra Day O'Connor wrote, "Nothing is to prevent the state from replacing any Motel 6 with a Ritz-Carlton, any home with a shopping mall, or any farm with a factory."

The Supreme Court, however, left a loophole, saying legislatures may further restrict the use of eminent domain.

After studying Indiana's eminent domain laws last summer, the General Assembly passed major reform this year in House Enrolled Act 1010.

Perhaps most importantly, the new law requires the reason for using eminent domain be something that benefits the public. Thus, eminent domain can be used for a legitimate government purpose-but not simply to increase a local government's tax base.

The new law does several other things, including placing time restrictions on eminent domain so that property owners are not left in limbo for years at a time; requiring just compensation for Hoosier property owners; and mandating good-faith negotiations between the condemner and the property owner.

When used appropriately, eminent domain is an important tool that can help provide anything from roads to parks to schools for public use. HEA 1010 ensures that this tool is not abused at the expense of Hoosiers' right to own private property.

Major Moves (from page 1)

In addition to the toll road portion of the law, HEA 1008 also addresses another major road: Interstate 69. The previous timeline for extending I-69 from Indianapolis to Evansville, set by previous administrations, had construction beginning in 2017. That is simply unworkable. Under HEA 1008, work on the long-awaited interstate could start as soon as 2008 and be completed by 2018. Under the plan, the governor could enter into a Public-Private Partnership (P3) to help build I-69 from Evansville to Martinsville as a toll road. However, tolls from Martinsville to Indianapolis must be approved by the legislature. Additionally, if the administration wants the north end of the road to remain in Perry Township in Indianapolis, the General Assembly must also give approval.

Another important part of the deal is a \$500 million Next Generation Trust Fund. Every five years, the state will take the interest the trust fund accrues and deposit it into the Major Moves construction fund. The initial \$500 million, however, will be protected and not spent.

As Governor Mitch Daniels has said, a top-tier economy requires a top-tier infrastructure. Indiana is striving to have an economy that is



Senator Ford celebrates Heart Health Awareness Day with Senators Gard and Lawson.

the envy of the nation, but we can't do so without a road system that also draws envy. Major Moves completes those goals, and I am proud to say I supported it.

Local Governments Will See Money, New Construction

Much of the talk surrounding Major Moves has been abstract. Debates such as "Is foreign investment the right thing to do?" and "Is 75 years too long?" were handled and answered. But now that Major Moves has passed, it is important that people know what benefits they will see.

The money from the lease will be used to complete the long-awaited Hoosier Heartland Corridor. It will also fund the Fort-to-Port extension, and new Ohio River bridges.

Additionally, because of the size of the lease payment, \$150 million will be distributed to counties, cities and towns for local projects. The distribution is based on a formula similar to the distribution of gas tax revenues. The counties I represent will receive the following:

- Adams \$1,128,843

- Allen \$6,413,900
- Blackford \$580,638
- Grant \$1,904,493
- Wells \$1,116,696

In addition to these funds, the state will spend about \$900 million in new construction and preservation in Allen County. In Grant County, the state will spend \$20.4 million for road preservation. Blackford County will see \$14,900,000 for road preservation.

As you can see, Major Moves will generate a significant amount of money for our area that will improve the quality of life. I look forward to seeing a lot more orange construction barrels on the streets I represent in the coming years.

LAW ALLOWS GOVERNMENTS TO CONSOLIDATE

"Home Rule" is once again a hot topic around the Statehouse. It is the idea that local officials typically know what's best for their communities and that they should be provided with greater freedom to make decision. That principle is carried forth this year in House Enrolled Act 1362, which gives local governments the right to consolidate without legislative approval.

State government should be in the business of encouraging local officials to find ways to save taxpayer dollars. Many believe that significant savings can be achieved by allowing a city to merge with a county, a town to merge with a city, or townships to merge with each other. Unfortunately, the current process of accomplishing such a merger is time-consuming and political.

In his State of the State address, Governor Mitch Daniels said, "How ironic that Indiana...leads the nation in the number of politicians we elect. How curious that Hoosiers, strong believers in local control, have imprisoned mayors and county officers in a system that prevents major change without state approval."

HEA 1362 allows either local legislative bodies or the residents of areas - through petitions to initiate mergers. Once two localities start the merger process, a committee of local leaders is formed to work out the details. Finally, when a reorganization plan is complete, the proposal will be placed on the local ballot.

By giving the people a voice in government consolidation, we can ensure that such a move won't be forced on an unwilling population.



Senator Ford asks a question about a bill during a committee.

Nor will a populace that desires a change be forced to wait for the state to respond.

The General Assembly believes local governments need to help slow property tax growth by reining in their spending. HEA 1362 gives towns, cities and counties the ability to join together to help lower the cost of government to their constituents.

Notably absent from this new consolidation procedure is state government. The days of the state having top-down control of local issues are numbered.

I support giving our local officials the authority to try innovative ways to run their governments at less cost and with greater efficiency.

Indiana Is The Top State for Alternative Fuels

In the 2005 legislative session, our Clean Indiana Energy bill put Indiana at the forefront as a leader in new fuel technology. Currently, six ethanol plants have broken ground in Indiana with another 18 on the drawing board.

This is a growing industry. Other states are starting to see the benefits of investing in alternative fuels. Clean Indiana Energy II, Senate Enrolled Act 353, ensures Indiana remains a leader in this area.



Senator Ford debates a bill on the Senate floor.

SEA 353 establishes a \$50 million tax credit, up from \$20 million, for new ethanol and/or biodiesel production facilities. Ethanol production plants cost approximately \$79 million or more to build, and the companies don't

receive tax breaks until they are making a profit in our state.

Ethanol and biodiesel production has a very positive impact on Indiana farmers. Indiana is the fifth largest state in corn production and fourth largest in soybeans. These are the two key dynamics associated with ethanol/biodiesel production. Currently, Indiana sends nearly 50 percent of corn and soybean productions out of state with no val-

ues added. This is the least profitable form of sale for farmers. It is estimated that farmers contracting with ethanol or biodiesel plants will gain an additional 5 cents to 10 cents per bushel.

SEA 353 also establishes a retail tax credit of 10 cents per gallon of E85 fuel sold to consumers, up to a maximum of \$2 million over the next two years. If retailers reach the maximum credit, then Indiana will have sold over 20 million gallons of E85 in two years. This is a great incentive for retailers to encourage consumers to purchase E85 fuels.

Indiana is leading the nation with the highest number of E85 fueling stations. Our goal is to double our current numbers for a total of 40 E85 fueling stations in the state of Indiana at the end of 2006.

SEA 353 also requires the Indiana Economic Development Corporation to work with GPS software companies to include E85 fueling stations on GPS software.

This is amazing progress in such a short period of time. I am very proud of the fact that Indiana is leading the nation in this industry, and this legislation will only add to our advantage.